

**BANYAN GOLD CORP.**  
**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**  
**SEPTEMBER 30, 2022 and 2021**  
**(Expressed in Canadian Funds)**



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Banyan Gold Corp.

### *Opinion*

We have audited the accompanying financial statements of Banyan Gold Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2022 and September 30, 2021 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and September 30, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company does not have an internal source of cash flows and future operations are dependent upon the continued availability of favourable trade credit and debt and equity financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

### *Key Audit Matters*

Key audit matters (KAMs) are matters that, in the auditor's professional judgement, are of most significance in the audit of the financial statements of the current fiscal year. KAMs are identified from matters communicated with those charged with governance. These matters are addressed in the context of the audit as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following KAMs are of most significance in the current year audit:

#### Exploration and evaluation asset:

##### Description:

The Company has significant investment in multiple exploration properties with a carrying value of \$35,210,859 as disclosed in Note 5. There is an overall increase of approximately 18 million from prior year.

##### Explanation on why this is a KAM:

- There are significant material transactions that occurred during the year, which increases the risk of material misstatements. Significant auditor attention is required in assessing the appropriateness of the transactions recorded in the asset accounts and the valuation of the properties.
- Exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. Indicators of impairment analysis requires significant auditor judgements.
- In 2021, Banyan completed the earning of a 51% interest in the underlying properties of the AurMac project. Furthermore, Banyan may earn up to a 100% interest in the AurMac properties over the following seven years. This is a significant event, which requires significant audit attention with respect to the accounting treatment of the exploration and evaluation asset under the agreements between the Company and AurMac.

**Procedures performed to address the KAM:**

- Audit procedures performed to determine the reasonability of the carrying value of the exploration and evaluation asset include the followings:
  - Review supporting evidence for material transactions
  - Determine whether the transactions examined are recorded in the proper accounts and at the proper amounts.
  - Perform reasonability analysis on the expenditures incurred.
- Inquire management on its plan and intention to carry out future exploration and evaluation activity. Assess the Company's financial ability to commit to its plan.
- Read through news releases and board minutes for significant and material events that occurred during the year with respect to the exploration and evaluation assets. Review most recent technical reports (43-101) and management's assessment on the status of its existing projects. Evaluate whether there were any indicators of impairment.
- Review the agreements and correspondences related to the AurMac properties and determine whether the accounting treatment of the related exploration and evaluation assets is proper.

**Deferred income tax liabilities:**

**Description:**

Deferred income tax liabilities of \$8,741,523 are reported in the financial statements as disclosed in Note 9.

**Explanation on why this is a KAM:**

- During the year, there are significant quantities of flow-through shares issued and material increase in exploration and evaluation asset, which impact the calculation of deferred income tax liabilities. This increases the risk of material misstatements.
- The balance is subject to a degree of estimation and is a complex area of the financial statements.

**Procedures performed to address the KAM:**

- Read through news releases and summarize significant and material events that occurred during the year.
- Confirm non-capital loss balances from prior years with the Canada Revenue Agency.
- Analyze the differences between the accounting and tax values of property and equipment, and exploration and evaluation asset.
- Review documents and discuss with management to determine whether the future amount of exploration expenditure to be renounced is reasonable.
- Examine documents to determine whether the flow-through shares are accounted for at the proper amounts. Perform online search for fair values of the shares on the respective transaction dates to determine the premiums on the flow-through shares.
- Involve more experienced audit staff with specialized knowledge to review the calculation of the balance.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Kathleen Dengler.

Calgary, Alberta  
January 20, 2023

*Geib & Company*  
*Professional Corporation*  
Chartered Professional Accountants



**BANYAN GOLD CORP.**  
**STATEMENT OF FINANCIAL POSITION**

Expressed in Canadian Funds

	September 30	
	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 11,614,281	\$ 14,361,408
Accounts receivable	807,387	311,742
Prepays	<u>63,782</u>	<u>61,465</u>
	\$ 12,485,450	\$ 14,734,615
<b>Property, plant and equipment, net (Note 6)</b>	664,478	432,029
<b>Exploration and evaluation asset (Note 5)</b>	<u>\$ 35,210,859</u>	<u>\$ 16,853,746</u>
<b>Total Assets</b>	<u>\$ 48,360,787</u>	<u>\$ 32,020,390</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,812,158	\$ 1,072,033
<b>Deferred income tax liability (Note 9)</b>	<u>8,741,523</u>	<u>6,498,407</u>
	<u>10,553,681</u>	<u>7,570,440</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 4)	44,505,148	30,235,599
Contributed surplus	2,066,087	1,523,457
Deficit	<u>(8,764,130)</u>	<u>(7,309,106)</u>
	<u>37,807,106</u>	<u>24,449,950</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 48,360,787</u>	<u>\$ 32,020,390</u>

*Tara Christie*

Tara Christie  
 Director

*Steve Burleton*

Steve Burleton  
 Director

**BANYAN GOLD CORP.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended September 30, 2022 and 2021  
Expressed in Canadian Funds

	2022	2021
<b>EXPENSES</b>		
General and administration	\$ 838,221	\$ 490,215
Management fees (Note 7)	689,056	312,185
Stock based compensation	808,443	901,972
Professional fees	169,240	34,646
Listing and filing fees	<u>45,063</u>	<u>21,881</u>
<b>LOSS BEFORE OTHER ITEMS</b>	<b>2,550,023</b>	<b>1,760,899</b>
Rent Revenue	207,282	60,000
Interest Revenue	110,433	22,076
<b>NET LOSS AND COMPREHENSIVE LOSS BEFORE INCOME TAX</b>	<b><u>2,232,308</u></b>	<b><u>1,678,823</u></b>
<b>DEFERRED INCOME TAX</b>	<b><u>(777,284)</u></b>	<b><u>1,237,023</u></b>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>	<b><u>\$ 1,455,024</u></b>	<b><u>\$ 2,915,846</u></b>
<b>Loss Per Common Share - Basic &amp; Diluted (Note 10)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>235,542,345</b>	<b>176,579,094</b>

**BANYAN GOLD CORP.**  
**STATEMENT OF CHANGES IN EQUITY**  
For the years ended September 30, 2022 and 2021  
Expressed in Canadian Funds

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Shareholders' Equity
<b>Balance, September 30, 2020</b>	<b>161,755,972</b>	<b>14,542,417</b>	<b>931,493</b>	<b>(4,393,260)</b>	<b>11,080,650</b>
Stock based compensation on stock options (Note 4)	-	-	901,972	-	901,972
Stock options exercised	1,350,050	124,507	-	-	124,507
Shares issued for financing (Note 4) December 21 & 30, 2020					
July 28 and August 11, 2021	53,153,456	18,500,000	-	-	18,500,000
Total Shares Issuance costs	-	(512,180)	-	-	(512,180)
Flow-through liability & renunciation	-	(3,716,856)	-	-	(3,716,856)
Exercise of share purchase warrants	8,757,250	1,033,211	(310,008)	-	723,203
Shares issued for property payments	1,150,000	264,500	-	-	264,500
Net loss for the year	-	-	-	(2,915,846)	(2,915,846)
<b>Balance, September 30, 2021</b>	<b>226,166,728</b>	<b>30,235,599</b>	<b>1,523,457</b>	<b>(7,309,106)</b>	<b>24,449,950</b>
Stock based compensation on stock options (Note 4)	-	-	808,443	-	808,443
Stock options exercised	2,850,000	608,063	(265,813)	-	342,250
Shares issued for financing (Note 4)					
- June 24, 2022	30,206,821	17,044,359	-	-	17,044,395
- Share Issuance costs	-	(362,474)	-	-	(362,474)
- Flow-through liability & renunciation	-	(3,020,400)	-	-	(3,020,400)
Net loss for the year	-	-	-	(1,455,024)	(1,455,024)
<b>Balance, September 30, 2022</b>	<b>259,223,549</b>	<b>44,505,148</b>	<b>2,066,087</b>	<b>(8,764,130)</b>	<b>37,807,106</b>

Note: All shares issued have been Class A common shares. No Class B common shares or Preference shares have been issued.

**BANYAN GOLD CORP.**  
**STATEMENTS OF CASH FLOWS**

For the years ended September 30, 2022 and 2021  
Expressed in Canadian Funds

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Net loss for the year	\$ (1,455,024)	\$ (2,915,846)
Adjustments for items not involving cash:		
Amortization	91,476	27,276
Stock based compensation	808,443	901,972
Deferred income tax	<u>(777,284)</u>	<u>1,237,023</u>
	<b>(1,332,389)</b>	<b>(749,575)</b>
Changes in non-cash working capital items:		
Decrease (increase) in receivables and accrued interest	(495,645)	(224,418)
Decrease (increase) in prepaids	(2,317)	(7,807)
Increase (decrease) in payables and accrued liabilities	<u>740,125</u>	<u>248,364</u>
Net cash generated from (used in) operating activities	<u>(1,090,226)</u>	<u>(733,436)</u>
<b>Cash Flows from Investing Activities</b>		
Government grant for exploration and evaluation asset	80,000	46,000
Acquisition of property plant and equipment	(324,066)	(395,562)
Exploration and evaluation asset	<u>(18,436,970)</u>	<u>(9,011,667)</u>
Net cash from investing activities	<u>(18,681,037)</u>	<u>(9,361,229)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from share issuance - financings	17,044,359	18,764,500
Stock option exercised	342,250	124,507
Warrant exercises	-	723,203
Share issuance costs (excluding warrant costs)	<u>(362,474)</u>	<u>(512,180)</u>
Net cash from financing activities	<u>17,024,135</u>	<u>19,100,030</u>
<b>Increase (Decrease) in Cash and Cash Equivalents During the Year</b>	<b>(2,747,128)</b>	<b>9,005,365</b>
<b>Cash and Cash Equivalents - Beginning of the Year</b>	<b><u>14,361,408</u></b>	<b><u>5,356,043</u></b>
<b>Cash &amp; Cash Equivalents - End of the Year</b>	<b>\$ 11,614,281</b>	<b>\$ 14,361,408</b>

**Supplemental Disclosures**

Interest paid	\$ -	\$ -
Interest received	\$ 110,433	\$ 22,076
Income tax paid	\$ -	\$ -



## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2022 and 2021

Expressed in Canadian Funds

#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Banyan Gold Corp. (the "Company", "Corporation" or "Banyan"), was incorporated as Banyan Coast Capital Corp. by a Certificate of Incorporation issued pursuant to the provisions of the Alberta Business Corporations Act ("ABCA") on July 26, 2010. The address of the Company's registered office is 166 Cougarstone Crescent SW, Calgary, Alberta, T3H 4Z5. These financial statements were approved and authorized for issuance by the Board of Directors on January 20, 2023.

The Company commenced trading on January 27, 2011, and trades under the symbol BYN on the TSX Venture Exchange (the "Exchange"). Beginning January 17, 2022, the Company trades on the OTCQB Venture Market in the United States under the symbol BYAGF.

These financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations.

The Company does not generate cash flows from operations and has, therefore, relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company.

If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

#### **2. BASIS OF PRESENTATION**

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on a historical costs basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carry amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) the recoverability of receivables which are included in the statements of financial position;
- ii) the inputs used in accounting for stock-based compensation expense, which are included in the statement of operations;
- iii) recoverability of future income tax asset;
- iv) recoverability of exploration and evaluation expense asset;
- v) the valuation of the rehabilitation provision; and
- vi) the valuation of share-based payments transactions.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2022 and 2021

Expressed in Canadian Funds

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expense are translated at the exchange approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of loss and comprehensive loss.

#### **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand and Guaranteed Investment Certificates in banks.

#### **Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### ***i. Classification and measurement of financial assets***

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- debt investments that are held within a business model of which objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost;
- debt investments that are held within a business model of which objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (FVTOCI); and
- all other debt investments and equity investments are subsequently measured at fair value through profit or loss (FVTPL).

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2022 and 2021

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortized cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

#### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss ("ECL") model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Specifically, IFRS 9 requires the Company to recognize a loss allowance for expected credit losses on debt investments subsequently measured at amortized cost. In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2022 and 2021

Expressed in Canadian Funds

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### ***i. Classification and measurement of financial liabilities***

IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss. The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities: accounts payable and accrued liabilities continue to be subsequently measured at amortized cost.

#### ***ii. General hedge accounting***

The general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Company's risk management activities have also been introduced.

The Company does not apply the hedge accounting to its financial instruments.

#### **Impairment of non-financial assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2022 and 2021

Expressed in Canadian Funds

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Property plant & equipment**

At acquisition, the Company records property and equipment at cost, including all expenditures incurred to prepare an asset for its intended use. These expenditures consist of: the purchase price, broker's commissions, and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges.

The Company capitalizes cost that meet the asset recognition criteria. Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance expenses and are accounted for in the profit and loss in the period.

The Company provides for amortization using the declining balance method at rates designed to amortize the cost of the property over their estimated useful lives. The annual amortization rates are as follows:

Building	4%
Automotive	30%
Computers	55%
Camp Equipment	30%

Depreciation of property and equipment utilized in the exploration of assets, including mine exploration, is recapitalized as exploration and evaluation costs attributable to the related asset.

#### **Interest income**

Interest income is recognized as it accrues in the statement of loss and comprehensive loss, using the effective interest method.

#### **Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### **Share-based payments**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2022 and 2021

Expressed in Canadian Funds

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Income taxes**

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense is recognized in the statements of comprehensive loss except to the extent it relates to an item recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Deferred tax is recognized using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

##### **Mineral exploration and evaluation expenditures**

Costs that are directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such cost as: materials used, surveying costs, geological costs, drilling costs, travel to and from the site, and payments made to contractors. Government grants related to exploration assets are accounted for by deducting the value of the grant from the carrying value of the asset. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead, are expensed in the year in which they occur.

##### **Rehabilitation provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of restoration obligation in the year in which the obligation is incurred. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. The discounted liability is increased for the changes in present value based on current market discount rates and liabilities specific risks.

##### **Segment reporting**

The Company determined that it had only one operating segment.

**BANYAN GOLD CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2022 and 2021  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New standards and interpretations**

None

**4. SHARE CAPITAL**

**Authorized:**

Unlimited number of:

- Unlimited Class A voting common shares
- Unlimited Class B non-voting, common shares
- Unlimited Preferred shares

All issued shares are fully paid. There were 259,223,549 Class A common shares issued and outstanding on September 30, 2022.

**Summary current year transactions**

	<b>Number of Shares</b>	<b>Price</b>	<b>Funds Raised</b>
Private placement:	16,210,500	\$ 0.63	\$ 10,212,615
	5,334,000	\$ 0.55	\$ 2,933,700
	8,662,321	\$ 0.45	\$ 3,898,044
Stock options exercised:	125,000	\$ 0.07	\$ 8,750
	350,000	\$ 0.08	\$ 28,000
	800,000	\$ 0.11	\$ 88,000
	1,325,000	\$ 0.12	\$ 159,000
	150,000	\$ 0.23	\$ 34,500
	100,000	\$ 0.24	\$ 24,000

**Current year**

**Private placement**

On June 24, 2022, the Corporation completed an upsized private placement of \$17 million consisting of 16,210,500 Charity Flow Through Shares priced at \$0.63 per share for gross proceeds of \$10,212,615; 5,334,000 Flow Through Shares priced at \$0.55 per share for gross proceeds of \$ 2,933,700; and 8,662,321 Shares priced at \$0.45 for gross proceeds of \$ 3,898,044.

The flow through gross proceeds component received from the sale to subscribers of the Charity Flow Through Shares and Flow Through Shares will be used to incur "Canadian exploration expenses" as defined in subsection 66.1(6) of the Income Tax Act (Canada) (the "Tax Act") on the Company's properties in the Yukon Territory and renounced to such subscribers effective not later than December 31, 2022. Such Canadian exploration expenses will also qualify as "flow-through mining expenditures" as defined in subsection 127(9) of the Tax Act.

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **4. SHARE CAPITAL (continued)**

In connection with the Private Placement, the Company paid finder's fee in cash of \$316,107 on a portion of the funds raised. Total share issuance costs were \$362,474.

All securities issued pursuant to the Private Placement are subject to, among other things, a hold period of four months and one day in accordance with applicable securities laws.

Insiders of the Company, including Victoria Gold, participated in the Private Placement for \$1,032,500 and 2,294,444 shares. Such participation represents a related party transaction under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”), but the transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of the transaction, nor the consideration paid for, the transaction, insofar as it involves interested parties, exceed 25% of the Company's market capitalization.

#### ***Prior year***

##### **Issuance of shares for property options**

On December 9, 2020, the Company issued 750,000 Class A common shares to Victoria Gold Corp. (“**Victoria**”) at a deemed price of \$0.23 per share to complete the initial 51% earn in on the Aurex Property.

On December 9, 2020, the Company issued 400,000 Class A common shares to Alexco Resource Corp. at a deemed price of \$0.23 per share to complete the initial 51% earn in on the McQuesten Property.

##### **Private placement**

On December 21, 2020, the Company closed the first tranche of non-brokered private placement for \$1,500,000, and on December 30, 2020, the Company closed a second tranche of non-brokered private placement for \$1,000,000.

The private placements consisted of 5,537,143 flow-through shares priced at 28 cents per share and 3,076,924 charity flow-through shares priced at 32.5 cents per share. Both parts of the financing consisted of flow through shares within the meaning of Subsection 66(15) of the Income Tax Act (Canada). There was a total of \$49,157 in share issuance costs.

On July 28, 2021, the Corporation completed the first tranche of a non-brokered private for \$11,928,571, and on August 12, 2021, completed a second tranche for \$4,071,429.

The financing included a combination of 30,357,144 charity flow-through shares at \$0.38, 6,326,530 flow-through shares at \$0.35 and 8,035,715 non-flow-through shares at \$0.28 (together the “Offering”). A finder's fee of \$420,000 was paid and the total share issuance costs was \$463,022.

At the close of the private placement, Victoria Gold Corp. became a new insider with an interest over 11% and Franklin Gold and Precious Metals fund became a larger insider at over 7%.



## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

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#### 4. SHARE CAPITAL (continued)

The flow-through gross proceeds component received from the sale to subscribers of the charity flow-through shares and regular flow-through shares will be used to incur "Canadian exploration expenses" as defined in subsection 66.1(6) of the Income Tax Act (Canada) (the "Tax Act") on the Company's properties in the Yukon Territory, and renounced to such subscribers effective not later than December 31, 2021. Such Canadian exploration expenses will also qualify as "flow-through mining expenditures" as defined in subsection 127(9) of the Tax Act.

##### Stock options

The Company has established a stock option plan (the "Plan") for the directors, officers, employees, advisors and consultants of the Company. The Plan is administered by the Board of Directors of the Company who establish the exercise prices, vesting conditions and expiry date of the options in accordance with the requirements imposed by the Exchange.

The aggregate number of shares assumable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding shares reserved for the issuance to: (a) any individual director or officer which will not exceed 5% of the issued and outstanding common shares; and (b) all consultants which will not exceed 2% of the issued and outstanding common shares.

##### Current year

At the year ended September 30, 2022, the following share options were outstanding:

Number	Exercise Price	Expiry Date
300,000	\$ 0.08	December 29, 2022
200,000	\$ 0.075	June 18, 2023
1,150,000	\$ 0.05	December 19, 2023
4,100,000	\$ 0.06	December 12, 2024
750,000	\$ 0.12	June 2, 2025
1,800,000	\$ 0.23	December 9, 2025
3,500,000	\$ 0.24	May 11, 2026
3,325,000	\$ 0.32	December 16, 2026
400,000	\$ 0.395	February 24, 2027
425,000	\$ 0.45	September 7, 2027
15,950,000		

2,850,000 stock options were exercised throughout the year ended September 30, 2022 for \$342,250 as detailed above.

During the year ended September 30, 2022, the Company granted the following stock options:

3,325,000 stock options were issued on December 16, 2021, exercisable at \$0.32 for 5 years. These options expire on December 16, 2026. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	1.25%
Estimated volatility	56.9%

## **BANYAN GOLD CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **4. SHARE CAPITAL (continued)**

Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$523,193 at \$0.1574 each.

During the year, stock options originally issued in May 2021 were vested with field staff to purchase up to 733,334 common shares, at an exercise price of \$0.24 per share, exercisable on or before May 11, 2026.

The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	0.91%
Estimated volatility	104%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$133,906 at \$0.1826 each.

400,000 stock options were issued on February 24, 2022, exercisable at \$0.395 for 5 years. These options expire on February 24, 2027. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	1.73%
Estimated volatility	55.9%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$77,637 at \$0.1941 each.

425,000 stock options were issued on September 7, 2022, exercisable at \$0.45 for 5 years. These options expire on September 7, 2027. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	0.91%
Estimated volatility	57.4%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$73,707 at \$0.1734 each.

#### **Prior year Stock Options**

During the year ended September 30, 2021 the Company granted the following stock options:

## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2022 and 2021

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#### 4. SHARE CAPITAL (continued)

On December 9, 2020, 2,010,000 stock options were issued, exercisable at \$0.23 for 5 years. These options expire on December 9, 2025. The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	0.47%
Estimated volatility	119%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$378,662 at \$0.1884 each.

On May 11, 2021, 3,600,000 stock options were granted to officers, directors and field staff to purchase up to 3,600,000 common shares, at an exercise price of \$0.24 per share, exercisable on or before May 11, 2026.

1,100,000 of the options are vesting over 18 months in 6 months increments.

The fair value of stock options granted is estimated on this date, using the Black-Scholes option pricing model, with the following assumptions:

Risk-free interest rate	0.91%
Estimated volatility	104%
Expected Life	5 years
Expected dividend yield	0%

The fair value of all stock options granted was \$523,310 at \$0.1826 each.

#### Warrants

There were no warrants issued during the year ended September 30, 2022, and there were no outstanding warrants.

#### 5. EXPLORATION AND EVALUATION ASSET

	Aurex	McQuesten	Nitra	Aurex Extension	Hyland	Total
<b>Balance, Sept 30, 2020</b>	<b>1,733,434</b>	<b>2,274,003</b>	<b>134,097</b>	<b>67,087</b>	<b>3,679,053</b>	<b>7,887,674</b>
Acquisition costs	179,340	96,560	123,928	-	-	399,828
Government grants received	(3,000)	(3,000)	(40,000)	-	-	(46,000)
Exploration & evaluation expenses capitalized	7,358,865	910,836	146,327	24,923	171,293	8,612,244
<b>Balance, Sept 30, 2021</b>	<b>9,268,639</b>	<b>3,278,399</b>	<b>364,352</b>	<b>92,010</b>	<b>3,850,346</b>	<b>16,853,746</b>

## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2022 and 2021

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#### 5. EXPLORATION AND EVALUATION ASSET (continued)

Acquisition costs	165,000	-	10,500	-	-	175,500
Government grants received	-	-	(80,000)	-	-	(80,000)
Exploration & evaluation expenses capitalized	18,018,841	68,750	132,482	-	41,540	18,261,613
<b>Balance, Sept 30, 2022</b>	<b>27,452,480</b>	<b>3,347,149</b>	<b>427,334</b>	<b>92,010</b>	<b>3,891,886</b>	<b>35,210,859</b>
<b>Total grants capitalized</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>(120,000)</b>	<b>-</b>	<b>(162,965)</b>	<b>(402,965)</b>

#### Aurex and McQuesten (together the “AurMac Property”)

On May 24, 2017, the Corporation completed the definitive agreements on the Aurex and McQuesten projects subject to TSX Venture approval and in the case of Alexco Resource Corp., requiring the consent of Silver Wheaton and the Government of Canada. The agreements provided for the Corporation to acquire up to 100% of the Aurex Property (“Property”), from Victoria Gold Corp. (“**Victoria**”) and up to 100% of the McQuesten Property, from Alexco Resource Corp. (“**Alexco**”). The Aurex and McQuesten gold properties are contiguous, comprising 8,230 hectares and 1,000 hectares respectively and are both highly prospective for intrusive-related gold mineralization, and include areas of historic gold production (lode and placer), in the prolific Mayo Mining District, Yukon Territory.

#### Highlights of Aurex Agreement with Victoria Gold Corp.:

Under the terms of the binding Letter Agreement with Victoria, Banyan may earn up to 100% interest in the Aurex property in three (3) stages:

- Initial 51% Option Interest – **COMPLETED**. The Company was required, over a period of four (4) years, to issue in stages a total of 3 million common shares in the capital of the Company, and to incur in stages minimum exploration expenditures totaling \$1.6 million on the Property. Banyan will act as the Property’s operator during the initial four-year term and has the option to defer expenditures into a 5<sup>th</sup> year. Following the earning of the 51% Option Interest, a joint venture (“**JV**”) will be formed and Banyan will have the ability to elect to earn an additional 24%.
- Additional 24% Interest – In order to earn the Additional 24% Interest, such that Banyan would have an aggregate interest of 75% in the Property, Banyan will be required to spend an additional \$3.5 million in exploration expenditures over five (5) years. Upon having earned the Additional 24% Interest, Banyan will continue to act as the Property’s operator and may elect to earn an additional 25%.
- Additional 25% interest – In order to earn the Additional 25% Interest, such that Banyan would have an aggregate interest of 100% in the Property, within two (2) years Banyan must pay Victoria \$2 million cash or shares and grant Victoria a 6% net smelter return (“NSR”) royalty with buybacks totaling \$7 million to reduce to a 1% NSR royalty on Au and a 3% NSR royalty on Ag.

**BANYAN GOLD CORP.**  
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**5. EXPLORATION AND EVALUATION ASSET (continued)**

**Highlights of McQuesten Agreement with Alexco Resource Corp:**

Under the terms of the binding Letter Agreement with Alexco, Banyan may earn up to a 100% interest in the McQuesten property in three (3) stages:

- Initial 51% Option Interest – **COMPLETED**. The Company was required, over a period of four (4) years, to issue a total of 1.6 million common shares in the capital of the Company, and to incur in stages minimum exploration expenditures totaling \$1.6 million on the Property. Banyan will act as the Property’s operator during the initial four-year term and has the option to defer expenditures into a 5<sup>th</sup> year. Following the earning of the 51% Option Interest, a joint venture (“JV”) will be formed and Banyan will have the ability to elect to earn an additional 24%.
- Additional 24% Interest – In order to earn the Additional 24% Interest, such that Banyan would have an aggregate interest of 75% in the Property, within three (3) years Banyan must spend an additional \$1 million in exploration expenditures, deliver a Preliminary Economic Assessment (“**PEA**”) and pay Alexco \$600,000 in cash or shares of Banyan. Upon having earned the Additional 24% Interest, Banyan will continue to act as the Property’s operator and may elect to earn an additional 25%.
- Additional 25% interest – In order to earn the Additional 25% Interest, such that Banyan would have an aggregate interest of 100% in the Property, within two (2) years Banyan must pay Alexco \$2 million in cash or shares, deliver a Pre-Feasibility Study and grant Alexco a 6% NSR royalty with buybacks totaling \$7 million to reduce to a 1% NSR royalty on Au and a 3% NSR royalty on Ag.

**NOTE** – On May 3, 2022, Victoria Gold Corp. bought the underlying interest in the McQuesten Agreement from Alexco Resource Corp. As part of Banyan’s agreement to this transfer, the requirement for a Preliminary Economic Assessment was moved to December 2025 and the requirement for a Pre-Feasibility was eliminated.

In March 2021, the Parties (“Victoria Gold Corp., Alexco Resources Corp. and Banyan Gold Corp.”) decided to defer formalizing a joint venture as Banyan continues to work under the definite agreement terms to earn additional interest in the Properties.

The Updated Mineral Resource Estimate for the AurMac Property was prepared May 13, 2022 and consisted of **3,990,000** ounces of gold (see Table 1) hosted within near surface, road accessible pit constrained Mineral Resources contained in three near/on-surface deposits: the Airstrip, Aurex Hill and Powerline Deposits.

**Table 1: Pit-Constrained Inferred Mineral Resources– AurMac Property**

<b>Deposit</b>	<b>Gold Cut-Off g/t</b>	<b>Tonnage M Tonnes</b>	<b>Average Gold Grade g/t</b>	<b>Gold Content k oz</b>
Airstrip	0.2	42.5	0.64	874
Powerline	0.2	152.0	0.59	2,898
Aurex Hill	0.3	12.5	0.53	215
Total Combined	0.2 - 0.3	207.0	0.60	3,990

**BANYAN GOLD CORP.**  
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**5. EXPLORATION AND EVALUATION ASSET (continued)**

*Table 1 Notes:*

- 1. The effective date for the Resource Estimate is May 13, 2022. The updated Resource Estimate for the AurMac Property was prepared by Marc Jutras, P.Eng., M.A.Sc., Principal, Ginto Consulting Inc., an independent Qualified Person in accordance with the requirements of NI 43-101. The technical report supporting the Resource Estimate (the "Technical Report") has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) effective June 29, 2022. Please see the news release of May 17, 2022.*
- 2. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The Resource Estimate may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, changes in global gold markets or other relevant issues.*
- 3. The definitions of inferred mineral resources that are contained in the Definition Standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM Definition Standards"), which are incorporated by reference into National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101") were followed to classify the mineral resources in the Resource Estimate. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.*
- 4. Mineral resources are reported at a cut-off grade of 0.2 g/t Au for the Airstrip and Powerline deposits and 0.3 g/t Au for the Aurex Hill deposits, using a US\$/CAN\$ exchange rate of 0.75 and constrained within an open-pit shell optimized with the Lerchs-Grossman algorithm to constrain the Mineral Resources with the following estimated parameters: gold price of US\$1,700/ounce, US\$2.50/t mining cost, US\$5.50/t processing cost, US\$2.00/t G+A, 80% heap leach recoveries, and 45° pit slope. The gold price and cost assumptions are consistent with current pricing assumptions and costs, and in particular are consistent with those employed for recent technical reports for similar pit-constrained Yukon gold projects*
- 5. The number of tonnes was rounded to the nearest hundred thousand. The number of ounces was rounded to the nearest thousand and final result to three significant figures. Any discrepancies in the totals are due to rounding effects.*

**Nitra Claims**

The Nitra Claims are 1,442 claims (296 km<sup>2</sup>) that have been staked by Banyan 5 km to the west of the AurMac property and is 100% owned.

**Aurex Extension**

The Aurex Extension is a claim group covering 401 claims immediately adjacent to the Aurex Project and is 100% owned.

**Hyland**

The Company has an interest in the Hyland Gold Project and is located in the Watson Lake Mining District of southeast Yukon, approximately 74 kilometres northeast of the town of Watson Lake. The Hyland Gold Project consists of 927 claims totaling over 18,620 hectares.

The Hyland Main Zone Inferred Gold Resource Estimate\*, prepared in accordance with NI 43-101 and at a 0.6g/t gold equivalent cutoff, contains 12,503,994 tonnes with 361,692 ounces gold at 0.9g/t and 2,248,948 ounces silver at 5.59g/t for a combined gold and silver 396,468 ounces gold equivalent.

Banyan has earned a 100% interest in all properties subject to various NSR agreements with an aggregate royalty of 2.5% subject to a maximum buy back of 1.5%.

\*NI 43-101 Technical Report for the Hyland Gold Project by Prepared By: Robert C. Carne, M.Sc., P.Geo., Carvest Holdings Ltd., Allan Armitage, Ph. D., P. Geol., - SGS Canada Inc., Paul D. Gray, P.Geo. - Banyan Gold Corp. dated May 1, 2018).

## BANYAN GOLD CORP.

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#### 6. PROPERTY AND EQUIPMENT

<b>Cost</b>	<b>Building &amp; Land</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Camp Equip</b>	<b>Total</b>
Balance – September 30, 2020	0	64,936	4,800	57,331	127,067
Additions	286,270	0	5,427	103,865	395,562
Balance – September 30, 2021	286,270	64,936	10,227	161,196	522,629
Additions	-	25,140	-	298,926	324,066
Balance – September 30, 2022	286,270	90,076	10,227	460,122	846,695

  

<b>Accumulated Depreciation</b>	<b>Building &amp; Land</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Camp Equip</b>	<b>Total</b>
Balance – September 30, 2020	0	47,407	4,483	11,030	62,920
Depreciation	0	5,259	920	21,501	27,680
Balance – September 30, 2021	0	52,666	5,403	32,531	90,600
Depreciation	0	6,124	2,653	82,840	91,617
Balance – September 30, 2022	0	58,790	8,056	115,371	182,217

  

<b>Carrying Amount</b>	<b>Building &amp; Land</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Camp Equip</b>	<b>Total</b>
Balance – September 30, 2020	0	17,529	317	46,301	64,147
Balance – September 30, 2021	286,270	12,270	4,824	128,665	432,029
Balance – September 30, 2022	286,270	31,286	2,171	344,751	664,478

#### 7. RELATED PARTY TRANSACTIONS

During the year, \$689,056 (2021 - \$327,000) was billed to the Corporation by officers and directors of the Company. \$174,250 (2021 - \$85,250) has been billed to management fees by 1195472 Ontario Ltd. for the CFO, \$445,250 (2021 - \$241,750) was invoiced for management fees by KECM Services, a company controlled by the CEO. \$69,556 (2021 - nil) was paid for director fees. As of September 30, 2022, there were balances in accounts payable of \$76,941 (2021 - \$104,443) owed to related parties for expenses and management fees.

#### 8. FINANCIAL AND CAPITAL RISK MANAGEMENT

Fair value estimates are made at the reporting date, based on relevant market information and other information about the financial instruments. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from the markets.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

**BANYAN GOLD CORP.**  
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**8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs which are supported by little or no market activity.

All of the Company's cash and cash equivalents are assessed to be in Level 1.

The fair market value of the Company's receivables, payables and accruals approximate their carrying amount due to their short-term nature.

**a) Credit Risk**

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to receivables is remote.

**b) Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings.

As at September 30, 2022, the Company had a cash and equivalents of \$11,614,281 (2021 - \$14,361,408) and current liabilities of \$1,812,158 (2021 - \$1,072,033). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. Current cash balances will allow the Company to continue to operate without requiring a financing in the September 30, 2023 fiscal year.

**c) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not believe a change by 1% in interest rate will have a significant impact on the fair value of its cash equivalents.

**d) Foreign Currency Risk**

The Company's reporting currency is in Canadian dollars and major transactions are denominated in Canadian dollars. Therefore, the Company's currency risk is not significant.

**Capital Disclosures**

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.



## BANYAN GOLD CORP.

### NOTES TO THE FINANCIAL STATEMENTS

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#### 8. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The Company's objectives when managing capital are:

- a) to safeguard the Company's ability to continue as a going concern; and
- b) to facilitate potential acquisitions.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. As disclosed previously, there are restrictions on the use of cash.

There were no changes in the Company's approach to capital management during the year ended September 30, 2022.

The Canadian and global economies continue to experience persisting implications of COVID-19 despite the recent removal of most government restrictions locally and globally. Disruption in global supply chains, competitions in the labour market due to change in lifestyle such as job relocation and early retirement have driven up the costs of supplies and labor. The financial markets have been impacted adversely and potentially leading to an economic downturn.

The Company relies principally on the issuance of equity securities to finance its operation activities. The extent of the economic impact of the coronavirus on the Company's operations and mining industry cannot be reliably estimated at this time but is expected to persist in the foreseeable future. Management continues to monitor the impact of these events on the Company's operations and manage the Company's capital through financial budgets to take on opportunities and minimize risks in achieving its business objectives.

#### 9. INCOME TAX

The income tax recovery reported differs from the amount of the tax recovery computed by applying the statutory rates to the net loss. The reasons for the differences and the related tax effects are as follows:

	September 30, 2022	September 30, 2021
Loss before income tax	\$ (2,232,308)	\$ (1,678,823)
Combined basic federal and provincial tax at 23% (2021 - 23%)		
Expected tax recovery	(513,431)	(386,129)
Increase (decrease) resulting from:		
Non-deductible items	208,731	215,394
Deductible items	(47,944)	(33,370)
Unrecorded deferred income tax benefit	352,644	204,106
Deferred income tax expense (recovery) on flow through shares	(777,284)	1,237,023
Deferred income tax	\$ (777,284)	\$ 1,237,023

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**NOTES TO THE FINANCIAL STATEMENTS**

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**9. INCOME TAX (continued)**

The components of the deferred income tax liability for the Company are as follows:

	<b>September 30, 2022</b>	<b>September 30, 2021</b>
Non-capital loss carry forwards	\$ 5,636,819	\$ 4,103,585
Property, plant & equipment – UCC	182,218	90,600
Exploration asset – CEE	(31,977,809)	(14,054,283)
Exploration funds not yet expensed	(6,252,302)	(11,035,667)
Share issuance costs	650,930	496,909
	(31,760,144)	(20,398,856)
Approximate tax rate	23%	23%
	(7,304,833)	(4,691,737)
Discount on premium of charity flow through shares	(1,436,483)	(1,806,670)
Deferred income tax liability	\$ (8,741,523)	\$ (6,498,407)

**Non-capital loss schedule**

The company has non-capital losses which may be carried forward and applied against taxable income of future periods. These losses expire as follows:

Year of loss	Expire	Amount
2022	2042	\$ 1,533,234
2021	2041	887,416
2020	2040	571,423
2019	2039	395,479
2018	2038	567,468
2017	2037	465,556
2016	2036	313,081
2015	2035	223,615
2014	2034	274,288
2013	2033	259,445
2012	2032	96,253
2011	2031	49,561
		\$ 5,636,819

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**10. LOSS PER SHARE**

Diluted loss per share for the years ended September 30, 2022 and 2021 is the same as basic loss per share as the impact of the exercise of the outstanding share options and warrants in the money does not change the loss per share on a rounded basis.

**11. SUBSEQUENT EVENTS**

***Non-Brokered Private Placement***

On December 22, 2022, the Company completed a non-brokered private placement financing of \$12.2 million.

The Private Placement consisted of 12,978,520 premium flow-through shares ("**Premium FT Shares**") at a price of \$0.568 per Premium FT Share and 12,021,480 common shares (which were not flow-through shares) ("**Hard Shares**") at a price of \$0.40 per Hard Share (together the "**Offering**") for gross proceeds of \$12,180,391.

Each Premium FT Share was issued as a flow-through share within the meaning of the Income Tax Act (Canada). Proceeds from the sale of the Premium FT Shares will be used to incur Canadian exploration expenses as defined in Subsection 66.1(6) of the Income Tax Act and flow-through mining expenditures as defined in Subsection 127(9) of the Income Tax Act. Such proceeds will be renounced to the subscribers with an effective date not later than December 31, 2022, in the aggregate amount of not less than the total amount of gross proceeds raised from the issue of the Premium FT Shares.

Subject to compliance with applicable regulatory requirements and in accordance with National Instrument 45-106 – Prospectus Exemptions ("**NI 45-106**"), an aggregate of 8,978,520 Premium FT Shares and 12,021,480 Hard Shares were purchased by residents in Canada and/or other qualifying jurisdictions pursuant to the listed issuer financing exemption under Part 5A of NI 45-106 and accordingly, such securities will not be subject to a statutory hold period pursuant to applicable Canadian securities laws.

The remaining 4,000,000 Premium FT Shares will be issued to accredited investors under Section 2.3 of NI 45-106, and will be subject to the customary 4 month hold period expiring on April 23, 2023.

***Issuance of Stock Options***

On December 22, 2022, the Company issued 7,750,000 stock options at \$0.45 per share. 6,250,000 options were issued with a 10-year term to expiry and 1,500,000 were issued with a 5-year term to expiry. These options were issued in connection with Banyan's annual compensation review process and are granted under and subject to the terms and conditions of the Company's stock option plan.

***Exercise of Stock Options***

Subsequent to the year end, the following stock options were exercised:

300,000 stock options with an exercise price of \$0.08 and an expiry of December 29, 2022.